

Essential concepts in financial analysis (EM054M21A1)

Program	PGE
Course set (UE) / Credits (ECTS) / Track / Specialization	Module :Essential concepts in financial analysis Gr.3 : 5 ECTS. <ul style="list-style-type: none">• MGA
Discipline	Finance
Year	2020
Semester	A
Open for visitors	no
Available spots	45

Coordinator

Christine SERVEY

Lecturers

Instructor	Population	Email
Christine SERVEY	Population	christine.servey@em-strasbourg.eu

Course format

Working language :	English
Volume of contact hours :	27 h
Workload to be expected by the student :	108 h

Course track

Track : Attendance

Attendance track :

Attendance at lectures/tutorials and intermediate/final assessments is mandatory. As in-class work constitutes an essential element of evaluation, any unjustified absence will be penalized (*see Study and Examination Regulations*) and factored into the final grade (*see Assessment*).

Autonomous track :

Attendance at intermediate/final assessments is mandatory, but students have the option of attending lectures/tutorials.

Attendance at lectures/tutorials and intermediate/final assessments is mandatory for all degrees making up the Master's Program and all degrees involving co-op (*apprentissage*). Attendance track must therefore be selected.

Contribution of the course to the educational objectives of the program

How the course contributes to the program :

LEARNING GOAL 1 : Students will master state-of-the-art knowledge and tools in management fields in general, as well as in areas specific to the specialized field of management.

Students will identify a business organization's operational and managerial challenges in a complex and evolving environment.

Students will understand state-of-the-art management concepts and tools and use them appropriately.

Students will implement appropriate methodologies to develop appropriate solutions for business issues.

Description

The course provides an overview of the key concepts used to conduct a financial and stock market analysis. The introduction points out the growing importance of reliable financial statements in a globalization context. The first part covers the financial accounts. The second part covers the most frequently used measures and techniques to conduct a financial accounts' analysis. In this section, particular attention is paid to value creation for shareholders. The last part covers the tools and techniques used to conduct a stock market analysis.

Oral interaction in class will be facilitated by the numerous quiz which will be answered.

Educational organisation

In class

Lectures

Internship Learning outcomes

Upon completion of this course, students should be able to :

- **Explain** the growing importance of effective accounting systems and reliable financial documents in the context of an accelerated globalization.
- **Describe** the nature of the major financial documents (income statement, balance sheet and cash flow statement), their underlying principles and respective interdependencies.
- **Demonstrate** the fundamental steps of a financial analysis (margin analysis, efficiency analysis, financing, profitability and risk analysis)
- **Compute** key financial analysis and stock market analysis indicators
- **Analyze** the accounting ratios and stock market indicators to point out the strengths and weaknesses of a financial situation
- **Distinguish** between accounting and economic indicators
- **Examine** risk measures (liquidity ratio, gearing ratio) to point out certain areas of risk such as high financial leverage and distinguish between high returns driven by risk and true value creation

Outline

I General introduction

II Financial accounts

1. Accounting: A crucial information source for decision making
2. Profit and loss statement
3. Balance sheet
4. Cash flow statement
5. Statement of changes in equity
6. Relationships between financial statements

III Financial accounts'analysis

1. From financial accounts to financial analysis
2. Profitability analysis
3. Efficiency analysis
4. Value creation and performance measurement
5. Risk analysis and financial leverage
6. How to conduct a financial analysis?

IV Stock market analysis

1. Key financial concepts for shares
2. Market multiples
3. How to conduct a stock market analysis?

V General conclusion

Prerequisites

Key concepts to understand :

- basic knowledge of financial statements
- Time value of money concepts (NPV, Future value)

Knowledge of :

- Basic knowledge in
- accounting
 - corporate finance

Teaching material

Documents in all formats

- Syllabus
- Transparencies in paper format
- Worksheets

Software

- Office Pack (Word, Excel, PowerPoint, Access)

Recommended reading

Major works :

CORPORATE FINANCE: THEORY AND PRACTICE (Paperback) by Pascal Quiry (Author), Maurizio Dallochio (Author), Yann le Fur (Author), Antonio Salvi (Author)
Publisher: John Wiley

CROSSKNOWLEDGE PLATFORM EM-Essential concepts in finance : the financial statements

CROSSKNOWLEDGE PLATFORM EM-Essential concepts in finance : FINANCIAL ANALYSIS

Further reading :

VERNIMMEN newsletter:<http://www.vernimmen.com/html/letter/index.php>

lettre VERNIMMEN: <http://www.vernimmen.net/html/lettre/index.php>

Research works by EM Strasbourg :

Assessment

Intermediate evaluation / continuous assessment 1 :

written / individual / English / weighting : 10%

additional information : The quiz on crossknowledge corresponding to Essential concepts in finance FINANCIAL ANALYSIS has to be completed by each student on the platform before December 3rd Th quiz on moodles also have to be filled out

This evaluation serves to measure LO1.1, LO1.2, LO1.3

Intermediate evaluation / continuous assessment 2 : session n°6

written (50 min) / individual / English / weighting : 20%

This evaluation serves to measure LO1.1, LO1.2

Final assessment : exam week

written (120 min) / individual / English / weighting : 70%

This evaluation serves to measure LO1.1, LO1.2, LO1.3

Grounds for expulsion from classes

Behaviors such as

arriving late, leaving early, or exiting the classroom at inopportune moments during class

ostentatiously eating or drinking in class

using smartphones or laptops for non-class-related purposes

reading texts unrelated to the course

discussing topics unrelated to the course

disrespecting the lecturer

may lead to expulsion from the class/course.